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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

CYPRESS HOLDINGS, III, L.P.,  
individually and derivatively  
on behalf of SPORT-BLX, INC.,  
Plaintiff,

-v-

GEORGE HALL, JOSEPH DE PERIO,  
DANIEL STRAUSS, FRANCIS  
RUCHALSKI, CESAR BAEZ,  
CHRISTOPHER JOHNSON,  
SPORT-BLX, INC., SPORT-BLX  
SECURITIES, INC., CLINTON  
GROUP INC., and GLASSBRIDGE  
ENTERPRISES, INC.,  
Defendants.

Case No.  
22-cv-01243(LGS)  
  
VIDEOTAPED  
DEPOSITION UPON  
ORAL EXAMINATION  
OF  
GEORGE HALL  
(Vol. II)

SPORT-BLX, INC., individually  
and derivatively on behalf of  
its shareholders,  
Plaintiff,

Case No:  
1:22-cv-8111(LGS)

-v-

MICHAEL M. SALERNO and  
CYPRESS HOLDINGS, III, L.P.,  
Defendants.

\*\*\* CONFIDENTIAL - SUBJECT TO PROTECTIVE ORDER \*\*\*

T R A N S C R I P T of testimony taken  
stenographically by and before MARGARET  
VOLLMUTH-CORSON, a Certified Court Reporter of the  
State of New Jersey, pursuant to Federal Rules  
Governing Civil Procedures, at the offices of CHIESA  
SHAHINIAN & GIANTOMASI, P.C., 105 Eisenhower  
Parkway, Roseland, New Jersey, on Wednesday,  
June 21, 2023, commencing at approximately 10:06  
a.m.

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1 at what's been marked as Hall-49 for identification.  
2 It's a -- a securities purchase agreement Bates  
3 stamped GBE\_0009235 through 9300.

4 Do you recall that in October of 2019  
5 that GlassBridge entered into a securities purchase  
6 agreement with Orix?

7 A. Yes.

8 Q. Okay. And do you see that on page 1  
9 that it says Seller owns all of the issued and  
10 outstanding shares of common star- -- common stock,  
11 excuse me, of Imation Enterprises Corp.?

12 A. Yes.

13 Q. Can you tell us what Imation  
14 Enterprises Corp. is?

15 A. It was a wholly-owned subsidiary of  
16 GlassBridge Enterprises.

17 Q. And did you hold any ownership interest  
18 in Imation at the time of this securities purchase  
19 agreement?

20 A. Not directly.

21 Q. Okay. Did you hold it indirectly?

22 A. Well, I own 28 to 30 percent of the  
23 parent, so indirectly, yes.

24 Q. Okay. And did -- and did you hold any  
25 position or title at Imation at the time of this

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1 trans- -- transfer or securities agreement?

2 A. No.

3 Q. Okay. Then it says at the -- in the  
4 second paragraph, "immediately prior to the closing,  
5 the company issued to seller a promissory note,  
6 dated as of September 30, 2019, in the original  
7 principal amount of 9 million and with a maturity  
8 date of September 30, 2026, and a promissory note,  
9 dated as of September 30, 2019, in the original  
10 principal amount of \$4 million and with a maturity  
11 date of September 30, 2026." And that's called the  
12 Sport-BLX Note, and the first one's a Levy Note, and  
13 it says they're collectively referred to as the  
14 "Notes."

15 Can you -- can you tell us, in sum and  
16 substance, what this transaction involved and what  
17 -- what was the involvement of Sport-BLX in it?

18 A. Sport-BLX had no involvement in this  
19 transaction. GlassBridge owned shares of --  
20 actually, Imation owned shares of Sport-BLX, and it  
21 also had a claim on some Levies from prior business,  
22 and Orix made a loan to the company with those two  
23 assets as collateral in two different promissory  
24 notes.

25 Q. Okay. So -- so GlassBridge sold and

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1 shares of Sport-BLX common stock, and Orix made a  
2 loan to Imation and held Sport-BLX -- the Sport-BLX  
3 shares as collateral for the loan.

4 Q. And do you know how much Orix paid to  
5 purchase the combination of the stock and the notes  
6 referenced in this agreement?

7 MR. SACK: Objection to form.

8 A. Well, the notes were 9 million and 4  
9 million respectively. I don't recall what they paid  
10 for the common stock.

11 Q. Does -- if you look at paragraph 1.2,  
12 does that refresh your recollection?

13 A. Okay. I think I understand.

14 So I think this -- the way this is  
15 structured is as a -- a loan, but they -- the way  
16 they worded this here is they took possession of the  
17 collateral. Kind of like what we call a repurchase  
18 agreement is the way it seems worded here, but I'd  
19 have to look a little closer at some of the other  
20 parts of the document to -- to be definitive. But  
21 the total amount -- the total consideration for the  
22 two notes and for the common stock of Imation that  
23 was purchased by Orix appears to be the \$17 million  
24 number.

25 Q. And what role, if any, did the Clinton

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1 Group play in this transaction?

2 A. We helped negotiate that deal with  
3 Orix.

4 Q. Was that pursuant to any kind of  
5 agreement with GlassBridge? Was that part of the  
6 management services agreement?

7 A. Well, the management services  
8 agreement was -- I don't -- I don't recall the  
9 specific language -- was basically do whatever you  
10 can to help GlassBridge survive.

11 Q. Do you know if GlassBridge had a  
12 specific retention agreement with GlassBridge for  
13 this transaction for the services it provided?

14 A. I don't --

15 MR. SPIRO: Can you read the question  
16 back? I think you used GlassBridge twice in that  
17 sentence.

18 MR. SACK: Yeah.

19 MR. PEARLSON: Okay.

20 (Last question is read back by the  
21 court reporter.)

22 Q. No, the -- let me rephrase it because  
23 it was -- it was garbled.

24 My question is do you know whether the  
25 Clinton Group had a retention agreement with

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1 GlassBridge for -- in order to provide services in  
2 connection with this transaction?

3 A. I think the -- I don't think there was  
4 a specific agreement with respect to this  
5 transaction.

6 Q. Okay. So there was no -- you don't  
7 believe there was a specific written agreement in  
8 connection with this transaction?

9 A. I think it was part of the written  
10 agreement that was in place, which would include  
11 this, as well as other things.

12 Q. And that's -- is that the management  
13 services agreement that you referred to previously?

14 A. Yes.

15 Q. Okay. If we could go back to Hall-11.  
16 (Exhibit Hall-11, 85-page GlassBridge  
17 Enterprises, Inc. Form 10-K for fiscal year ending  
18 December 31, 2019, is marked for identification.)

19 Q. Do you know the amount of -- of this --  
20 of the -- what the Clinton Group was paid -- strike  
21 that.

22 First of all, can you describe the  
23 services the Clinton Group provided in connection  
24 with the transaction?

25 A. With this transaction?

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1 Q. Yes.

2 A. Negotiation of the documents.

3 Negotiation of the documents, negotiation of the  
4 terms, coming to -- helping Orix understand Imation.  
5 They were just from start to finish, the whole deal.

6 Q. If you could turn -- I'm going back to  
7 what's the form 10-K for GlassBridge Enterprises  
8 that was marked as Hall-11. If you could turn to --

9 MR. SACK: For calendar -- for fiscal  
10 year ending December 31, 2019?

11 MR. PEARLSON: Correct.

12 Q. And if you could turn to page 74 of 85  
13 at the bottom of that document. The top of the page  
14 says "Note 15 - Related Party Transactions."

15 MR. SACK: I'll just caution the  
16 witness that if he feels he needs to refer to other  
17 portions of the document to do so.

18 A. Okay.

19 Q. Okay. In the middle of the page it  
20 says, "On September 13, 2019, the board approved a  
21 success fee in connection with the completion of the  
22 Orix transaction and the pension settlement to  
23 Clinton." Do you see that?

24 A. Yes.

25 Q. Okay. Is that referring to the

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1 transaction, the securities purchase agreement we  
2 just looked at?

3 A. Well, it's one part of it.

4 Q. Okay. And what is it referring to when  
5 it says "and the pension settlement to Clinton"?

6 A. The -- no, the pension settlement  
7 wasn't to Clinton. The -- Clinton was paid the fee,  
8 so there was a fee for the pension settlement paid  
9 to Clinton.

10 Q. For -- for performing services in  
11 connection with the pension settlement?

12 A. Correct.

13 Q. Okay. And then it says, "The board  
14 approved a fee equal to 15 percent of the cash  
15 consideration," what is that, "for its work on the  
16 Orix transaction"?

17 A. So I -- well, I could see what it  
18 said. What's the question?

19 Q. Well, first of all, I guess who  
20 negotiated that -- or strike that.

21 How was the 15 percent fee determined?

22 A. It was discussion between myself and  
23 Daniel Strauss, and the board of directors  
24 ultimately approved.

25 Q. How would you characterize that fee?



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1 Q. Okay. And again, do you have any idea  
2 as to why the valuation of 50 million was justified  
3 at this point in time in October of 2019 as opposed  
4 to the \$35 million valuation we just saw?

5 A. So Orix -- I don't know the inner  
6 workings of Orix, but basically I think Orix  
7 suggested that they were going to make a loan to  
8 Imation, and they were going to use different  
9 valuations for different pieces of collateral. One  
10 of those pieces of collateral was Sport-BLX,  
11 Incorporated shares, and I think between them and  
12 their outside consultant they agreed that a loan at  
13 the valuation of 50 million was what they were going  
14 to do.

15 Q. Did you -- did you, being Sport-BLX,  
16 give any materials to Orix to make that  
17 determination?

18 A. Orix did a lot of due diligence on the  
19 company, yes.

20 Q. Are you saying that the -- Orix made  
21 the determination that the price of \$346.00 per  
22 share was acceptable?

23 A. Orix made the determination that that  
24 was as much money as they could loan to the company  
25 based on that collateral.

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1 Q. Did you use counsel in connection with  
2 this transaction?

3 A. No.

4 Q. Did -- who drafted the documents --  
5 well, strike that.

6 First of all, ultimately did you reach  
7 a deal with GlassBridge to sell your shares and  
8 Mr. De Perio's shares?

9 A. I reached a deal with GlassBridge to  
10 sell my shares. Mr. De Perio reached a deal with  
11 GlassBridge to sell his shares.

12 Q. And who drafted the documents that were  
13 used to memorialize that transaction?

14 A. I believe it was Loeb & Loeb.

15 Q. Okay. And who retained Loeb & Loeb for  
16 that purpose?

17 A. GlassBridge.

18 Q. Okay. And do you recall when they  
19 first drafted the documents? When you first saw the  
20 drafts of documents?

21 A. I don't recall.

22 MR. PEARLSON: Okay. Why don't we  
23 break here, and this is a good breaking point, and  
24 we'll have to have another day where we do a few  
25 hours by Zoom, and we'll be done.